GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1351
ANSWERED ON:27.11.2000
COMMITTEE ON WORKING OF SEBS
MADAN PRASAD JAISWAL

Will the Minister of POWER be pleased to state:

(a) whether the Government have constituted any Committee to enquire into the working of State Electricity Boards;

(b) if so, whether the said committee has submitted its report;

(c) if so, the details of the main recommendation made by said Committee; and

(d) the action taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (c) : The National Development Council had constituted a Committee in June,1993 under the Chairmanship of Shri Sharad Pawar, the then Chief Minister of Maharashtra to review inter alia :

The factors which have contributed to technical and managerial inefficiencies of the power utilities in the States;

To review the institutional and financial structure of the State Power Utilities and recommend necessary changes including, inter alia, the need to dealing distribution from generation and the need to involve the consumers in the management of electricity distribution through rural cooperatives etc., in order to ensure that the State Power Utilities function on commercial lines with adequate customer orientation; and

To suggest measures necessary for suitably orienting the State Power Utilities towards promoting investments from the private sector within the framework of the recently announced changes in the economic and industrial policy for covering the anticipated gap in the availability financial resources for power development in the coming years.

(d) : The Committee submitted its report in September, 1994 and the recommendations given by the Committee in the report inter-alia include the following :

Restoration of autonomy to State Electricity Boards (SEBs) to the extent envisaged in the statute.

Regional Tariff Boards to fix tariffs of the SEBs − Tariff Policies to be made transparent.

SEBs to be permitted to function on commercial lines with the ability to mobilize their own resources.

SEBs to be progressively restructured with Govt. equity being reduced in the firstinstance to 51% and thereafter progressively to 26%.

The State Governments to commission studies on restructuring the SEBs − Reports to be made available within one year.

Distribution in major/medium − sized urban and semi urban area to be entrusted to private sector.

State Governments to adopt minimum all India agricultural tariff as notified byMinistry of Power/Central Electricity Authority and also agree to provide subsidies to the SEBs in a transparent manner to compensate for the losses, if any.

Subsidies to the agricultural consumers to be progressively faced out and, if necessary subsidies on food grains to be reviewed.

Priority to be accorded to the schemes promoting improved utilization of the existing assets, energy conservation and reduction in transmission and distribution losses.

The action taken by the Government is give below :

(i) The Electricity Regulatory Commission Act, 1998 was passed for setting up ofState Electricity Regulatory Commissions (SERCs) in States/UTs and Central Electricity Regulatory Commission (CERC) at national level for rationalization oftariff, transparent policies regarding subsidies, promotion of efficiency, economy and competition. The CERC was constituted in July, 1998 and has become

fully functional. States of Orissa, Haryana, Andhra Pradesh, Karnataka, Uttar Pradesh, West Bengal, Tamil Nadu, Punjab, Delhi, Gujarat, Madhya Pradesh, Arunachal Pradesh, Maharashtra and Rajasthan have either constituted or notified the constitution of SERC. Tariff orders have been issued by Electricity Regulatory Commission of Orissa, Maharashtra, Gujarat, Andhra Pradesh and Uttar Pradesh.

(ii) In the Chief Ministers/Power Ministers Conference held on 26th February, 2000, it was resolved that reforms must be undertaken to show results within next 2-3 years. The key elements of the reforms strategy are :-

Energy Audit at all levels.

Time bound programme of 100% metering of all consumers by December, 2001.

Reduction and finally, elimination of power theft within a specified period.

Strengthening/upgradation of sub-transmission and distribution system by taking sub- station as a unit on priority basis.

If the above appear unattainable in the existing set up, corporatisation/co- operatisation/privatization of distribution would have to be undertaken.

(iii) The SEBs of Orissa, Haryana, Andhra Pradesh, Karnataka, Uttar Pradesh and Rajasthan have been unbundled/corporatised. In Haryana two subsidiary distribution companies have been created out of the state owned power transmission company (Haryana Vidyut Prasaran Nigam Ltd). In Andhra Pradesh, 4 subsidiaries distribution companies have been created out of the state owned power transmission company (AP TRANSCO) Karnataka Electricity Board has also been unbundled. The Government of Uttar Pradesh plan to privatize distribution in Kanpur. In Rajasthan, one generation, one transmission and three distribution companies have been created out of the Board. Under the provisions Power Reform Ordinance promulgated by the Government of Delhi, Delhi Vidyut Board would be unbundled into one generation, one transmission and three distribution companies. The reform process in Orissa has further progressed with privatization of distribution in the State. The four subsidiary companies of GRIDCO have been disinvested in favour of the private companies. BSES Ltd. has taken over the three distribution zones (WESCO, NORTHCO & SOUTHCO) and the US based AES Ltd. has taken over the Central Zone. The power Generation Corporation (OPGC) has also been disinvested to the extent of 49%. Fourteen States (Orissa, Haryana, Andhra Pradesh, Uttar Pradesh, Karnataka, West Bengal, Tamil Nadu, Punjab, Delhi, Gujarat, Madhya Pradesh, Arunachal Pradesh, Maharashtra and Rajasthan) have either constituted or notified the constitution of SERC.

(iv) The Ministry of Power has signed a Memorandum of Agreement/Undertaking with Government of Karnataka, UP & MP committing assistance to the States on fulfillment of the mutually agreed milestones of reforms. As per the Agreement, the States are to undertake measures like segregation of transmission and distribution, commercial viability in distribution, Energy Audit, metering, full support to the regulatory commissions etc. In reciprocation, Government of India has committed support which includes additional allocation of power from Central generating stations, enhanced financial assistance for improvement in transmission, sub-transmission and distribution system for reducing T&D losses as well as improving the quality of power supply.